

Message Text

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ORIGIN H-03

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APPROVED BY THE ACTING SECRETARY

EB/TENDERS (SUBSTANCE)

S/S:SRGAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS FLASH

C O N F I D E N T I A L STATE 138153

TOSEC 86

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: EXIMBANK

FOR SECRETARY FROM ACTING SECRETARY

BILL CASEY'S OFFICE HAS JUST INFORMED US THAT IN THE FACE
OF A FILIBUSTER THREAT BY HARRY BYRD TO BLOCK THE JOINT
RESOLUTION EXTENDING THE BANK FOR 30 DAYS AS AN

INTERIM MEASURE PRIOR TO THE ENACTMENT OF NEW AUTHORIZATION
LEGISLATION, THAT HE PROVIDED A LETTER ASSURING THE
CONGRESS THAT NO NEW BANK ACTIVITY WOULD BE UNDERTAKEN
WITH THE USSR UNTIL AFTER THE NEW AUTHORIZATION
LEGISLATION HAS BEEN PASSED. THE TEXT OF THE LETTER
IS AS FOLLOWS:

QUOTE THE SENATE HAS BEFORE IT THE JOINT RESOLUTION
WHICH WOULD EXTEND THE LIFE OF THE BANK FROM JUNE 30,
1974 TO JULY 31, 1974. CERTAIN QUESTIONS HAVE ARISEN
REGARDING NEW TRANSACTIONS WITH THE USSR.

SINCE I BECAME CHAIRMAN OF THE EXPORT IMPORT BANK ON
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MARCH 14, OF THIS YEAR, THE BANK HAS REFRAINED FROM ISSUING ANY NEW COMMITMENTS FOR TRANSACTIONS IN THE USSR UNTIL SUCH TIME AS THE CONGRESS HAS DETERMINED THE POLICY GUIDELINES FOR THE BANK TO FOLLOW. DURING THIS PERIOD WE HAVE DONE NOTHING BEYOND HONORING COMMITMENTS PREVIOUSLY MADE. ONLY ONE SUCH COMMITMENT IS NOW OUT-

STANDING. WE HAVE NOT HEARD ANYTHING ABOUT IT FOR SOME TIME AND DON'T KNOW IF IT, WHICH RELATES TO A TRANSFER LINE TO PRODUCE CRANK SHAFT HALF BEARINGS, IS STILL ALIVE.

I WANT TO ASSURE YOU THAT THE BANK WILL NOT ACT ON THIS COMMITMENT OR EXTEND ANY OTHER FINANCING TO THE SOVIET UNION UNTIL SUCH TIME AS CONGRESS HAS ENACTED THE LEGISLATION PRESENTLY BEFORE THE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE. UNQUOTE.

COMMENT:

CASEY PREPARED THIS LANGUAGE IN CONSULTATION WITH SPARKMAN AND STEVENSON. HE DID NOT REPEAT NOT CLEAR THE LETTER WITH ANYONE IN THE DEPARTMENT NOR TO THE BEST OF OUR KNOWLEDGE WITH ANYONE IN THE WHITE HOUSE. HARRY BYRD PLACED IN THE RECORD THIS AFTERNOON. CASEY IS AWARE OF OUR UNHAPPINESS THAT THIS ACTION WAS UNDERTAKEN UNILATERALLY, AND AT WHAT WE REGARD AS THE UNNECESSARY FORTHCOMING LANGUAGE AS TO WHO DETERMINES BANK POLICY TO THE USSR, AND AT THIS UNTIMELY POINT WHEN YOU ARE IN THE USSR.

SOVIETS WILL HAVE THIS, OF COURSE, AND MAY WELL CONFRONT YOU WITH IT.

I SUGGEST YOU EMPHASIZE THAT THIS IS STRICTLY AN INTERIM COMMITMENT BY THE BANK CHAIRMAN TO GET A 30 DAY EXTENSION AND THAT WE ARE OPTIMISTIC THAT THE NEW EXIM BANK AUTHORIZATION WILL BE ADOPTED WITHIN THIS 30 DAY PERIOD AND WILL SPECIFICALLY PERMIT CONTINUED BANK ACTIVITIES WITH THE USSR, AS HERETOFORE.

I AM CALLING CASEY PERSONALLY TO TELL HIM THIS IS HARDLY THE PROPITIOUS TIME TO HAVE TAKEN THIS ACTION. I WILL ADD THIS MATTER SHOULD HAVE BEEN DISCUSSED WITH US SO CONFIDENTIAL

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THAT WE COULD HAVE JOINTLY MADE THE JUDGMENT WHETHER IT WAS NECESSARY IN ORDER TO AVERT BYRD-LED ANTI-SOVIET FILIBUSTER WHICH WOULD HAVE BEEN WORSE. AT LEAST, WE COULD HAVE HELPED PREPARE THE LANGUAGE OF THE LETTER TO BE LESS ODIOUS. SISCO

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